

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 AGR-05 L-03 H-02 DODE-00 PA-01 PRS-01 /090 W

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SUBJECT: ECONOMIC ASPECTS JUNE 17 ROYAL ADDRESS TO HIGHER
PLANNING COUNCIL

REF: RABAT 2918; RABAT 2796 PARA 7

SUMMARY: KING'S SPEECH TO HIGHER PLANNING COUNCIL STRESSED
NEED TO REVIEW PRIORITIES IN LIGHT REDUCED RESOURCES ARISING
FROM WORLD ECONOMIC SITUATION. STRESSED NEED FOR IMPROVED
EDUCATIONAL SYSTEM, ESSENTIALITY WIDER TRADE CONTACTS,
ACCELERATION AGRICULTURAL PROGRAMS, IMPROVED INTERNATIONAL
MONETARY AND FINANCIAL RELATIONS, AND ATTENTION TO HEAVY
INDUSTRY--ALL ON LESS MONEY AND WITHOUT TAKING AWAY FROM
FIRST PRIORITY MILITARY PROGRAM. EXPECTATIONS, AS FORMULATED,
ARE IMPRACTICAL. BUT THERE IS REASON TO BELIEVE ACTUAL
REVISIONS ARRIVED AT IN EARLIER QUIET PLANNING SESSIONS ARE
SENSIBLE AND REALISTIC. SOME MAJOR PROJECTS WILL BE POST-
PONED OR STRETCHED OUT, BEING SUBSTITUTED BY SMALLER, MORE
VISIBLE, AND MORE SOCIALLY-NEEDED REGIONAL PROJECTS.
END SUMMARY.

1. BACKGROUND. MAIN THRUST JUNE 17 SPEECH TO HIGHER
PLANNING COUNCIL DEVOTED TO BROAD EXAMINATION MAJOR NATIONAL
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ECONOMIC PRIORITIES. SIGNIFICANT POLITICAL AND MILITARY

ASPECTS REPORTED REFTEL. ECONOMIC OFFICIALS, UNDER LEADERSHIP SECSTATE FOR PLAN BENCHEIKH, HAVE BEEN REEXAMINING AND REVISING CURRENT PLAN BOTH IN RABAT AND IN SERIES OF REGIONAL MEETINGS OVER PAST SEVERAL WEEKS IN LIGHT OF REVISED WORLD AND DOMESTIC OUTLOOK AND NEEDS. ACCORDING TO PLAN CONTACTS, MOST DECISIONS ALREADY ARRIVED AT. ROYAL ADDRESS, WHILE COMING IN FORM OF KICK-OFF SPEECH TO HIGHER PLANNING COUNCIL (HPC)--REPRESENTING ALL ECONOMIC MINISTRIES AND REGIONAL REPS--CONSTITUTES IN FACT BENEDICTION FOR DECISIONS ALREADY MADE IN SUBSTANCE AND NOW TO BE APPROVED ON FORMAL BASIS. SPEECH CAN MOST USEFULLY BE ANALYZED THEN AS PREVIEW OF HOW REVISED PLAN WILL EMERGE FROM THIS WEEK'S HPC SESSIONS.

2. CAUSES FOR PLAN REVISIONS. KING TRACED DETERIORATED WORLD AND DOMESTIC ECONOMIC SITUATION TO RAMADAN WAR. "WHILE, BY THE GRACE OF GOD THE WAR BROUGHT VICTORY TO THE ISLAMIC FORCES, IT OVERTURNED THE WORLD'S ECONOMIC EQUILIBRIUM AND HAS FORCED ALL GOVERNMENTS TO REVISE THEIR ASSUMPTIONS AND PRIORITIES...(PETROLEUM) BEING AT THE ORIGIN OF THE WORLD ECONOMIC CRISIS." MINISTERS THUS GIVEN INSTRUCTIONS TO REVISE PLAN PROGRAMS IN LIGHT OF NEW CONSTRAINTS AND PRIORITIES.

3. NEW PLANNING PRIORITIES. KING ASSERTED THAT WHILE HE COULD NOT APPROPRIATELY CITE PRECISE AMOUNTS OR ENTER INTO TECHNICAL DETAIL, HE EXPECTED HPC TO FIND WAYS TO ACHIEVE FOLLOWING OBJECTIVES.

A. INCREASED NUMBERS OF MIDDLE GRADE CIVIL SERVANTS TO STAFF GOVERNMENT MINISTRIES. NEED WILL FOR TIME BEING REMAIN TO CALL ON OUTSIDE HELP FOR SOME DOCTORS, ENGINEERS AND TECHNICIANS. BUT CERTAIN JOBS CAN ONLY BE FILLED BY MOROCCANS. HPC MUST THEREFORE FIND WAYS TO RECYCLE POOR STUDENTS. "JUDICIOUS PLANS MUST BE DEVISED TO RENDER USEFUL TO THE NATION EACH ONE OF ITS SONS, EVEN THOSE WHO HAVE FAILED IN THEIR STUDIES."

B. MOROCCO MUST REDUCE ITS RELIANCE ON ONE MAJOR "INTERLOCUTOR" (FRANCE?). IN ORDER TO PLAY ITS HISTORIC ROLE (AND OBTAIN THE CREDITS, INVESTMENT, AND MILITARY MATERIEL IT NEEDS??) MOROCCO MUST DIVERSIFY ITS CONTACTS. A GENERATION MUST BE FORMED READY TO FULFILL ITS
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MISSION IN ALL PARTS OF THE WORLD.

C. AGRICULTURAL PROGRAMS MUST BE ACCELERATED. (ANNOUNCEMENT US TRIFFA LOAN SHOULD BE WELCOME NEWS.) ACCENT MUST BE ON DEVELOPING AGRIBUSINESS INVESTMENT.

D. MOROCCO'S MINERALS POTENTIAL MUST BE DEVELOPED (OTHER RECENT DEVELOPMENTS HINT DOOR OPEN FOR MINING JOINT VENTURES WITH BRPM).

E. ECONOMIC, MONETARY, AND FINANCIAL RELATIONS WITH

REST OF WORLD MUST BE INTENSIFIED. (ALLUSION COULD BE TO LONG-EXPECTED EURO-MARKET BORROWINGS, COOPERATION TO SPEED UP MONETARY REFORM IN ORDER TO GET IDA THIRD WINDOW INTO OPERATION, ACCELERATING TRANEGS TO INSTITUTIONALIZE NONRECIPROCAL TRADE BENEFITS.)

F. WHILE AVOIDING "GRANDILOQUENT AND DEMAGOGIC SCHEMES", HEAVY INDUSTRY REQUIRES NEW ATTENTION: SPECIFICALLY STEEL AND PETROCHEMICALS (FURTHER OPPORTUNITY FOR JOINT VENTURE BY US CHEMICALS FIRMS).

4. SPEECH CONCLUDED WITH LENGHTY PERORATION ON NEED TO ACCOMPLISH ALL NEW OBJECTIVES WITHOUT ELIMINATING IMPORTANT EXISTING PROGRAMS; TO DO SO WITH 450 MILLION DIRHAMS (\$120 MILLION) LESS MONEY THAN BEFORE (WE JUDGE SITUATION CONSIDERABLY WORSE); AND WITHOUT DEPRIVING MILITARY ALL IT NEEDS AT THIS HISTORIC JUNCTURE WHERE IT MUST BE "FIRST PRIORITY TO DEFEND THE NATIONAL PATRIMONY" (VOIR SAHARA).

5. COMMENT: WHAT IN FACT THE HPC IS BEING ASKED TO DO IS DELAY OR EXTEND SOME MAJOR PLAN PROJECTS, REPLACING THEM WITH A NUMBER OF LOWER COST BUT HIGHER VISIBILITY REGIONAL ACTIVITIES. THE OBJECTIVE IS (1) TO MAINTAIN MILITARY STRENGTH AND (2) TO PUT JOBS AND SPENDING POWER INTO THE HINTERLANDS WHICH HAVE BEEN BADLY IMPACTED BY LOST WORK OPPORTUNITIES IN EUROPE, FAILED CROPS, AND PREVIOUSLY UNEXPERIENCED INFLATION. THE PROGRAM WE SEE EMERGING FROM THIS HAS BEEN WORKED OUT BY THE BEST HEADS IN MOROCCO AND APPEARS SENSIBLE, TIMELY, AND WELL-CONSIDERED, HOWEVER TRANSPARENTLY IT HAS BEEN PACKAGED. REAL TRADE AND INVESTMENT OPPORTUNITIES REMAIN FOR QUICK-FOOTED AMERICAN BUSINESSMEN. INDEED, THEY MAY HAVE BEEN PREVIOUSLY IDENTIFIED IN EMBASSY REPORTING AS THOSE HAVING GREATEST POTENTIAL. ARRIVING US BUSINESSMEN MAY HOWEVER MEET AMONG OTHER COMPETITORS, LARGE NUMBERS

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